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DEPT FOR AF/E
LONDON AND PARIS FOR AFRICA WATCHERS

E.O. 12958: DECL: 06/18/2018
TAGS: ECON EAID PREL PHUM ER DJ
SUBJECT: ERITREA GARNERS MORE MONEY FROM THE EC

Classified By: AMB Ronald K. McMullen for reason 1.4(d).

¶1. (C) SUMMARY: On June 15, President Isaias Afwerki met with Louis Michel, European Commission (EC) Commissioner for Development and Humanitarian Aid, to discuss plans for further development aid to Eritrea. Michel reportedly broached several topics of humanitarian and diplomatic concern with a strong message that Eritrea needed to "deliver," to which Isaias listened but remained noncommittal. Michel concluded the meeting by agreeing to proceed with plans for disbursement of 120 million euros for new development programs, despite receiving no promises of improved GSE performance. End Summary.

"IT'S TIME TO DELIVER"

¶2. (C) According to Maria Fariello (protect), EC Economic Attaché, visiting EC Commissioner Louis Michel told President Isaias in a June 15 meeting, "it's time to deliver," referencing the previous financial aid the EC had given to Eritrea with little or no diplomatic returns. In particular, Michel raised issues of political prisoners, Eritrea's poor investment climate, and the EC's inability to freely visit funded projects. Contrary to his normal accusatory rebuttals when faced with criticism, Isaias reportedly listened calmly to the list of complaints. At the end, he informed Michel that he was unaware of any political prisoners in Eritrea, but he would look deeper into the matter if the EC provided a list of individuals about whom it was concerned. Regarding the poor investment climate, Isaias defensively stated that Eritrea had an open environment for foreign investors. Michel also raised the issue of Eritrea's attack on Djibouti, to which Isaias explained "we were attacked first by Djibouti."

SHOW ME THE MONEY

¶3. (SBU) Despite shifty answers from Isaias, the EC plans to move forward with allocation of an additional 120 million euros to Eritrea from its European Development Fund (EDF) to be used towards agricultural and infrastructure development projects. EC personnel have previously expressed concerns to Emboffs that the Government of the State of Eritrea (GSE) may be unable to fully absorb EC funds, primarily due to lack of suitable contractors able to implement funded projects. Until only recently, the GSE was able to utilize just 1% of the previous 53 million euros in EDF funds provided by the EC. Fariello told poloff the GSE is often uncooperative in trying to meet EC objectives for the use of funds, for instance, demanding agricultural funds be used for the

purchasing of mass quantities of sheep rather than for funding small farmers.

¶4. (C) In a follow-on briefing with the ambassadors of European Union (EU) member states in Asmara, Michel was met with vocal criticism by both the British and the German Ambassadors for providing aid to the GSE without conditions. Michel responded that the EC is simply the executive branch of the EU and is not in a position to put conditions on foreign aid. Michel also relayed that Isaias stated he is willing to work with the EC (on unspecified issues), but the president emphasized in the meeting that he would not want media attention about such EC-Eritrean cooperation.

¶5. (C) COMMENT: According to Fariello, the EC does not expect any progress on discussions regarding human rights or other substantial issues, but believes the meeting will likely provide the groundwork for smaller bilateral achievements, such as being able to receive travel permits to visit development projects. Post agrees that the EC is unlikely to reap heavy rewards from the financial agreement, but is likely to continue to receive "small favors" from the GSE as long as the EC continues to provide monetary assistance. The EC seems badly out of step with many of its member states' bilateral assistance policies and more in line with the uncritical, unconditional money provided to the Isaias regime by China and some Arab States. End Comment.

MCMULLEN